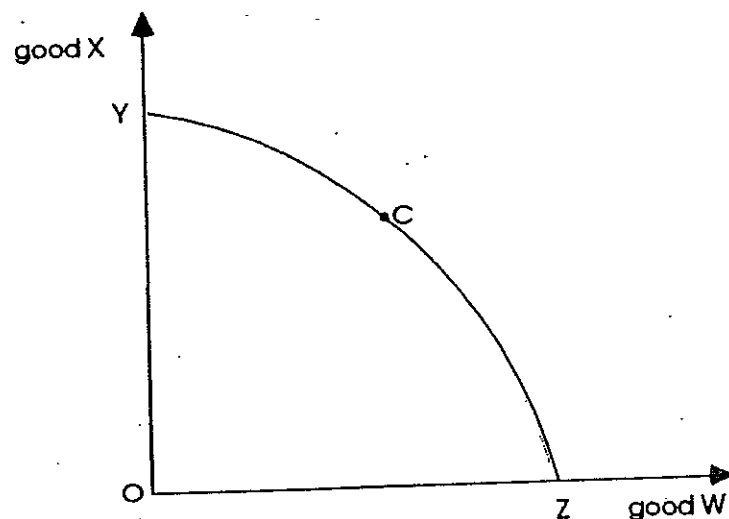


Multiple choice questions

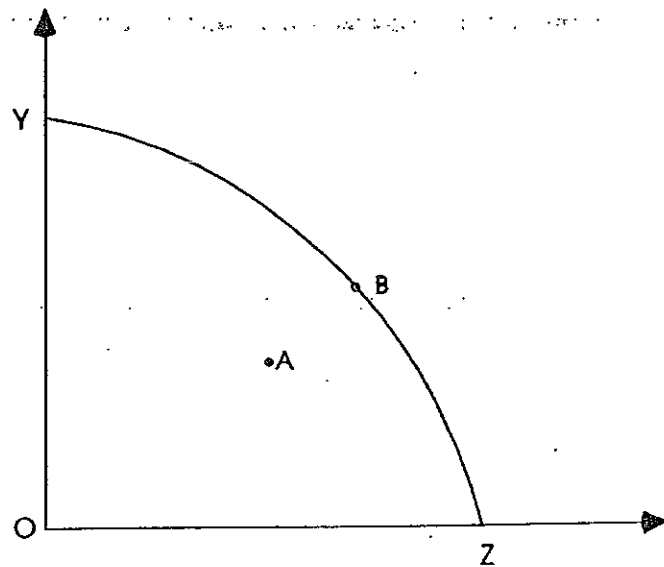
- 1 A production possibility curve shows the possible combinations of
 - A goods about which the consumers are indifferent: they will accept any combination
 - B output of two products with given resources
 - C the methods of production used
 - D the amount of capital and labour available within an economy
- 2 A downward sloping, straightline production possibility curve indicates that
 - A there are decreasing returns
 - B the two goods give equal satisfaction to consumers
 - C the two goods are produced by similar methods
 - D there is a constant opportunity cost in the production of each good in terms of the other.
- 3 YZ is a production possibility curve



Point C on the curve represents:

- A an unattainable position
 - B full utilisation of resources
 - C underemployed resources
 - D the best combination of goods W and X
- 4 Any point to the right of a production possibility curve represents
 - A unused resources
 - B inefficient use of resources
 - C maximum possible output
 - D an impossible production point

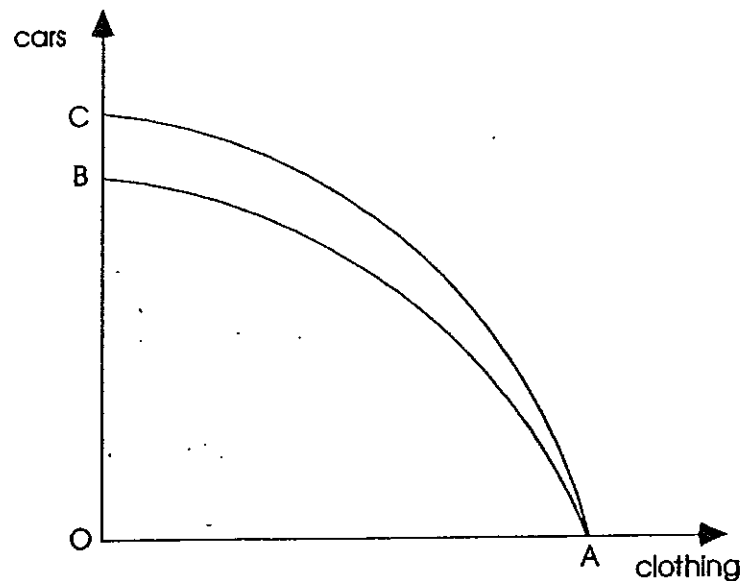
5 YZ is a production possibility curve.



The movement from point A to point B on the production possibility curve YZ below represents

- A an increase in economic capacity
- B a change in the number of resources
- C greater utilisation of existing resources
- D a move from an unattainable to an attainable position

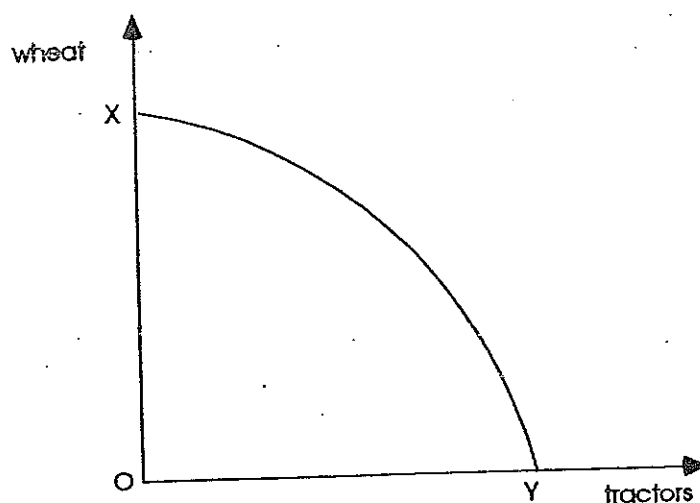
6



The shift of the production possibility curve below AB to AC could have been caused by

- A improved technology in the car industry
- B a change in consumers' preferences
- C a decrease in the labour supply in the clothing industry
- D more resources being devoted to the production of cars

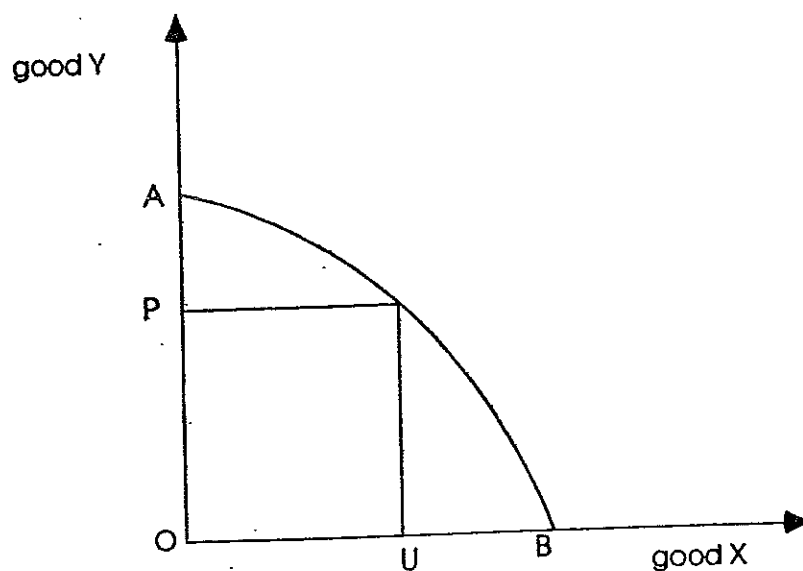
7



XY is a production possibility curve. X represents:

- A the minimum output of wheat which the community will produce
- B the output of wheat which the community has decided to produce
- C the output of wheat which could be produced if half of the economy's resources are devoted to its production
- D the output of wheat which could be produced if all the economy's resources are devoted to its production

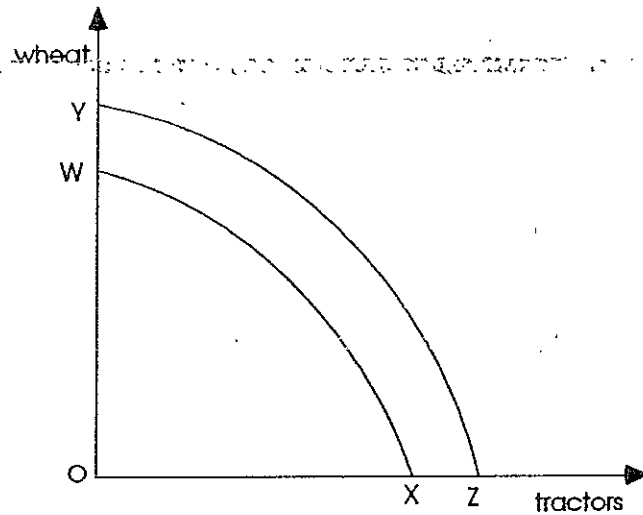
8 An economy decides to produce OP amount of good Y.



The opportunity cost of producing this is

- A OU of X
- B OB of X
- C UB of X
- D OP of Y

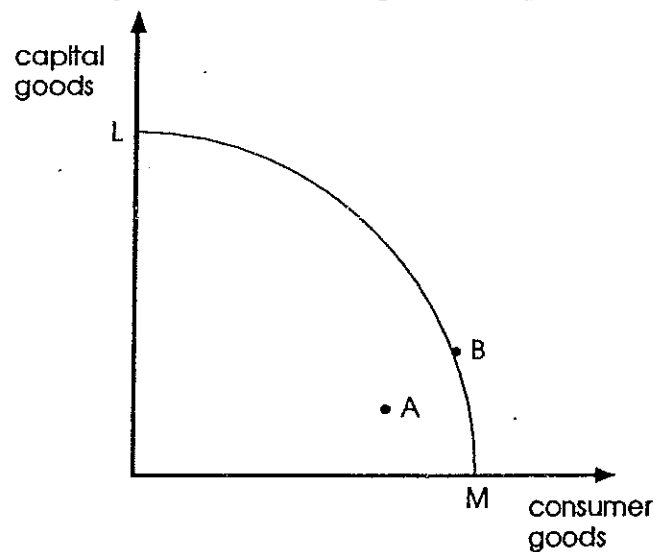
9



The shift in the production possibility curve from WX to YZ could have been caused by a general rise in

- 1 technology
 - 2 productivity
 - 3 the number of inputs
- A 1, 2 and 3 all correct
 B 1 and 2 correct
 C 2 and 3 correct
 D 1 only correct

10 The diagram below shows a production possibility curve LM.



The movement from point A to point B indicates

- 1 'greater utilisation of existing resources'
 - 2 an increase in the output of capital goods
 - 3 a reduction in output of consumer goods
- A 1, 2 and 3 all correct
 B 1 and 2 correct
 C 2 and 3 correct
 D 1 only correct